

Message Text

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C O N F I D E N T I A L SECTION 01 OF 03 PARIS 34006

MILITARY ADDEES ALSO FOR POLADS

E.O. 11652: GDS

TAGS: MPOL, PGOV, PINT, PARM, FR

SUBJECT: FRENCH DEFENSE BUDGET FOR CY 1977

REF: (A) USDAO PARIS DTG 091817Z NOV 76,

(B) USDAO PARIS DTG 122017Z NOV 76,

(C) PARIS 33654 DTG 121828Z NOV 76.

1. SUMMARY: DURING THE PERIOD PRECEDING AND FOLLOWING
THE NOVEMBER 9 PASSAGE OF CY 1977 FRENCH DEFENSE BUDGET
(ABOUT \$12 BILLION), AND DURING ASSEMBLY DEBATE ITSELF,
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A THEME EMERGED THAT THERE IS STRONG SUPPORT, BOTH IN

THE GOVERNMENT MAJORITY AND THE OPPOSITION, FOR A VIGOROUS FRENCH DEFENSE PROGRAM, THOUGH THERE ARE DEEP DIFFERENCES ON HOW BEST TO ACHIEVE OPTIMAL RESULTS. MOST CRITICISM OF THE PROPOSED CY 77 DEFENSE BUDGET WAS DIRECTED AT INSUFFICIENCIES IN FUNDING, RATHER THAN AT THE COMMON COMPLAINT IN WESTERN DEMOCRACIES THAT DEFENSE IS A FINANCIAL DRAIN. THE GOVERNMENT DISARMED CRITICS IN THE MAJORITY BY ADDING SOME \$265 MILLION FOR NEW EQUIPMENT, WHICH BRINGS THE BUDGET INTO CONSONANCE WITH THE FIVE YEAR DEFENSE PROGRAM PASSED BY THE ASSEMBLY LAST SPRING. THE LEFT WHICH WILL CONTINUE TO BELIEVE THAT A GREATER PART OF THE DEFENSE BUDGET SHOULD BE ALLOCATED TO TRAINING AND CONVENTIONAL FORCES, WAS PREDICTABLY NOT PLACATED BY THIS "WINDFALL." END SUMMARY.

2. REFERENCES A AND B REPORTED THE ESSENTIALS OF THE PASSAGE OF THE CY 1977 FRENCH DEFENSE BUDGET. REF C DESCRIBED THE BEGINNINGS OF A POSSIBLE AND TENUOUS DEFENSE CONSENSUS WITHIN THE FRENCH SOCIALIST PARTY (PS). THIS DESPATCH ATTEMPTS TO PLACE THE BUDGET DEBATE IN PERSPECTIVE AND TO DELINEATE ONE THEME WHICH EMERGED DURING THE PERIOD SURROUNDING THE DEFENSE BUDGET DEBATE AND PASSAGE. SUBSEQUENT MESSAGES WILL OUTLINE THE NUCLEAR DISCUSSION AND MILITARY MANPOWER ISSUES.

3. BACKGROUND:

THE FIVE-YEAR DEFENSE PROGRAM (PROGRAMMATION MILITAIRE 1977-82) APPROVED BY THE NATIONAL ASSEMBLY IN MAY-JUNE OF THIS YEAR SET THE BROAD OUTLINES OF FRENCH DEFENSE. IT IS NOT A DETAILED BUDGET PROGRAM BUT RATHER A BROAD BLUEPRINT FOR FORCE POSTURE. INEVITABLY EACH POLICY DIRECTION IN IT CARRIES WITH IT GENUINE AND DIFFICULT BUDGETARY IMPERATIVES. THUS ONE MAJOR TEST FOR THE PROPOSED CY 1977 DEFENSE BUDGET (58.4 BILLION FRANCS -- ABOUT \$11.7 BILLION) WAS WHETHER IT WAS CONSONANT WITH THE FIVE-YEAR PROGRAM. THERE HAD BEEN CRITICISM DURING LAST YEAR'S BUDGET DEBATE THAT FRENCH DEFENSE PLANNING AND BUDGETING HAD BEEN CONDUCTED ON A PIECEMEAL BASIS.

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4. THE FIVE-YEAR PROGRAM ANTICIPATES THAT THE DEFENSE BUDGET WILL REACH 20 PERCENT OF ALL GOF EXPENDITURES BY 1982, BY MEANS OF A REGULAR AND CONTINUOUS PROGRESSION. THE PROPOSED 1977 BUDGET REPRESENTED AN INCREASE OF 16.8 PERCENT OVER 1976, NOT INCLUDING SOME 10 BILLION FRANCS (ABOUT \$2 BILLION) IN EXPENSES ADDED TO THE DEFENSE BUDGET THAT HERETOFORE HAD BEEN CARRIED IN THE BUDGET OF THE MINISTRY OF FINANCE (PENSIONS, PTT CHARGES, ETC.).

THIS CONTRASTS WITH A 13.4 PERCENT INCREASE FOR THE GOF BUDGET AS A WHOLE, WHICH WILL OF COURSE BE MARKEDLY LESS IN REAL SPENDING TERMS CONSIDERING THE INFLATION WITH WHICH FRANCE IS CONFRONTED. WITH REGARD TO THE GOAL OF REACHING 20 PERCENT OF GOF SPENDING BY 1982, THE PROPOSED 1977 DEFENSE BUDGET WAS FORECAST TO COMPRISE 17.5 PERCENT OF GOF EXPENDITURES (3.1 PERCENT OF GNP) AS OPPOSED TO 17.06 PERCENT LAST YEAR (3.0 PERCENT OF GNP).

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5. STRONG SUPPORT FOR THE DEFENSE BUDGET:

FROM THE OUTSET OF THE DISCUSSION, IT WAS CLEAR THAT NO SERIOUS VOICES WOULD CALL FOR REDUCTIONS IN THE PROPOSED BUDGET. DESPITE THE AUSTERITY PROGRAM ANNOUNCED BY PRIME MINISTER BARRE, THE DEFENSE BUDGET WAS REPORTED TO BE SACROSANCT. ASIDE FROM THE PREDICTABLE MAJORITY DECLARATIONS OF SUPPORT, SUCH VOICES AS JEAN-PIERRE CHEVENEMENT (HEAD OF CERES, THE SOCIALIST PARTY LEFT WING) WROTE IN THE ASSEMBLY'S FINANCE COMMITTEE REPORT

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THAT "HE WAS APPREHENSIVE AT THE STAGNATION OF CAPITAL CREDITS AND THE DECREASE IN CREDITS FOR RESEARCH." CHEVENEMENT AMPLIFIED THIS DURING THE NOVEMBER 8 ASSEMBLY DEBATE, STATING THAT "THE BUDGET . . . IN SPITE OF ITS INCREASE . . . APPEARS TO BE A BUDGET OF INERTIA WHICH DOES NOT PREPARE FOR THE FUTURE." CHARLES HERNU (PRESIDENT, PS DEFENSE COMMISSION) WROTE ON NOVEMBER 4 IN LE QUOTIDIEN DE PARIS, "THE REDUCTION OF CREDITS (IN R&D, INVESTMENT, PROCUREMENT) IS VERY DISTURBING . . ." EVEN LOUIS BAILLOT (VICE PRESIDENT OF THE COMMUNIST GROUP IN THE NATIONAL ASSEMBLY) ECHOED IN THE SAME NEWS-PAPER THE FOLLOWING DAY: "THE STRONGLY AFFIRMED INTENTIONS OF THE GOVERNMENT IN FAVOR OF PRIORITY FOR NUCLEAR ARMS AND REINFORCEMENT OF CONVENTIONAL UNITS DO NOT APPEAR IN THE BUDGET . . . (WHICH) CALLS INTO QUESTION THE DEFENSE CAPACITY OF THE COUNTRY."

6. THE GOVERNMENT, AND DEFENSE MINISTER BOURGES, ARE ACCUSTOMED TO OPPOSITION NEEDLING. BUT MOD SOURCES TOLD US PRIOR TO THE DEBATE THAT THERE WAS SOME GENUINE CONCERN AT CRITICISMS FROM WITHIN THE MAJORITY. THE LEADING CRITIC FROM THE MAJORITY WAS JOEL LE THEULE (UDR-SARTHES) SPECIAL REPORTEUR ON THE DEFENSE BUDGET FOR THE FINANCE AND DEFENSE COMMITTEES OF THE ASSEMBLY. IN HIS WRITTEN REPORT, ADOPTED BY THE TWO COMMITTEES, LE THEULE CONCLUDED INTER ALIA THAT "EQUIPMENT AND INFRASTRUCTURE ARE BEING SACRIFICED." EARLIER LE THEULE HAD WRITTEN IN THE PRESS THAT "THE CONVENTIONAL ARMS PROGRAMS ARE MORE OR LESS AMPUTATED" AND THAT "R&D IS SACRIFICED IN BOTH NUCLEAR AND CONVENTIONAL FIELDS." THIS AND SIMILAR THEMES WERE ECHOED BY OTHER MAJORITY SPEAKERS.

7. THE GOVERNMENT'S RESPONSE:

IN AN UNUSUAL PARLIAMENTARY MANEUVER AS THE NOVEMBER 8 ASSEMBLY DEBATE OPENED, DEFENSE MINISTER BOURGES REQUESTED AND RECEIVED PERMISSION TO SPEAK FIRST, BEFORE THE COMMITTEE REPORTS WERE PRESENTED. BOURGES THEN

ANNOUNCED THAT THE PRIME MINISTER HAD AGREED "EXCEPTION-
ALLY" TO ADD 1.326 BILLION FRANCS (ABOUT \$265 MILLION)
TO THE CY 1977 DEFENSE BUDGET FOR NEW PROGRAM AUTHORIZA-
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TIONS, FOR PURCHASE OF NEW MATERIALS (SEE REF B FOR
DETAILS: 20 ADDITIONAL MIRAGE F-1'S, 30 AMX-30 TANKS,
AND A SECOND FLEET OILER). THIS INCREASE THUS PUT THE
77 BUDGET BACK INTO CONSONANCE WITH THE FIVE-YEAR PRO-
GRAM. BOURGES ADDED THAT AN ADDITIONAL 1.9 BILLION
FRANCS (ABOUT \$400 MILLION) IN SUPPLEMENTAL CREDITS WILL
BE AVAILABLE TO BALANCE THE CURRENT
YEAR'S DEFENSE BUDGET.

8. WHILE GENERALLY APPRECIATIVE OF THE NEWLY ANNOUNCED
FUNDS, DEPUTIES ON ALL SIDES WERE SCEPTICAL OF AN

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ACCOUNTING SYSTEM SUSCEPTIBLE TO SUCH ELEVENTH HOUR
CHANGES. LE THEULE CALLED THIS "SLEIGHT OF HAND" AND
ASKED FOR AN AUDIT. CHEVENEMENT SARCASTICALLY CONGRATU-
LATED "THIS SANTA CLAUS WHO BRINGS TOYS BY THE THOU-
SANDS." SOCIALIST DEPUTY LOUIS LONGEQUEUE (A MODERATE)
EVEN SUSPECTED THE INCREASE WAS POSSIBLE DUE TO AN
ADVANCE FROM THE FRG TREASURY ON THE ALPHA-JET PROGRAM.
WRITING IN LE MONDE, CORRESPONDENT JACQUES ISNARD SAID
THAT ONE DEPUTY ON THE DEFENSE COMMISSION ALLEGED THE
EXISTENCE OF A FUND TOTALLING 13.8 BILLION FRANCS (ABOUT
\$2.75 BILLION) IN UNUSED FUNDS ACCUMULATED BY THE ARMED
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FORCES OVER THE LAST DOZEN YEARS, FROM WHICH THE CURRENT
INCREASES ARE TO BE DRAWN.

9. COMMENT: WHATEVER THE SOURCE OF THE LAST MINUTE
FUNDS, BOURGES AND THE GOVERNMENT STOLE THE THUNDER FROM
THEIR CRITICS. IN SPITE OF THE MANEUVERING, PRE- AND
POST-DEBATE, NO ONE SERIOUSLY ARGUED FOR A REDUCTION IN
DEFENSE SPENDING. ALWAYS CONSCIOUS OF THEIR SACRED
INDEPENDENCE OF ACTION, THE FRENCH -- ACROSS THE POLITI-
CAL SPECTRUM -- REALIZE THAT IT CANNOT BE DONE ON THE
CHEAP, DESPITE THE OTHER SEVERE PRESSURES ON THE
GOVERNMENT PURSE.

10. SEPARATE MESSAGES WILL FOLLOW ON THE DISCUSSION OF
NUCLEAR ASPECTS AND MILITARY MANPOWER.
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